



Client Briefing

Changes to UK Companies Law as of 1 October 2007

September 2007

In November 2006, a new UK Companies Act was passed which was intended to modernise and simplify UK company law. Some minor provisions are in effect but most will be implemented in three tranches: October 2007; April 2008; and October 2008.

Provisions in the Act which come into force on 1 October 2007 include those relating to the exercise of shareholders' rights, company directors, derivative actions by shareholders, general meetings and resolutions and the appointment and retirement of directors by rotation. Not all new provisions differ greatly from those of the Companies Act 1985 which constituted the statutory regime prior to the Act (and which continues to do so in relation to those provisions in the Act that are not yet in force).

One important issue to note at this stage is that the model articles of association which are set out in the Act for companies (and which will apply in default of a company drafting its own articles of association) (called "Table A" articles) will be amended, principally to remove or modify provisions that conflict with sections in the Companies Act 2006 that are coming into force on 1 October 2007.

The approach taken in amending Table A has been to amend only provisions it is necessary to amend to avoid actual conflict between Table A and the new Act. Where the Act permits a company to modify the effect of a statutory provision in its articles, Table A has not been amended. Companies which have adopted the old Table A in part with bespoke elements or have disapplied Table A in whole will need to examine their articles in detail to see what, if any, changes are required to be made to comply with the provisions of the Act in force as of 1 October 2007.

The BERR has published a copy of the revised articles of association marked to show changes from the previous standard form articles of association. A link to that document is set out following this paragraph. Obviously, where a company has adopted articles of association which deviate from Table A, then that company has three options at this time: (a) adopt the revised Table A in whole; (b) adopt the revised Table A with bespoke amendments of their choice; or (c) amend their existing articles of association to ensure that it reflects changes to Table A and the provisions of the Companies Act 2006.

<http://www.berr.gov.uk/files/file41251.doc>

The Act also includes different model articles of association to Table A. These articles will serve the same purpose as Table A when they come into force. Table A is not intended to be a substitute for or replace the other articles set out in the new Act. It is designed only as an interim measure until the last set of provisions of the Act come into force in October 2008, at which point the other articles included in the Act will take over. In other words, every company registered in the UK will need to re-examine its articles of association and its operations again in October 2008.

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